

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. 14-20-H62-3920
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Northern Ute Indian Tribe
2. Name of Operator Quinex Energy Corporation		7. If Unit or CA Agreement, Name and No. XXXXXXXXXX Not in a unit
3a. Address 801-292-3800 Bountiful, Utah 84010		8. Lease Name and Well No. Ashley #7-2A1E
3b. Phone No. (include area code) 801-292-3800		9. API Well No. 43-047-40629
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1,499' FSL & 2,465' FWL, NE/4 SW/4, At proposed prod. zone 608' FSL & 1,956' FEL, SW/4 SE/4,		10. Field and Pool, or Exploratory Exploratory Bluebell
14. Distance in miles and direction from nearest town or post office* 8 miles northeast of Roosevelt Utah		11. Sec., T. R. M. or Blk. and Survey or Area Section 7, T1S, R1E, USB&M
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 608'	16. No. of acres in lease 40	17. Spacing Unit dedicated to this well 640 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 58.71'	19. Proposed Depth 14,300' MD	20. BLM/BIA Bond No. on file BIA Bond from CD 010-007-2962227 (attached)
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,616' GL	22. Approximate date work will start* 05/10/2010	23. Estimated duration 60 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>Don Hamilton</i>	Name (Printed/Typed) Don Hamilton	Date 04/12/2010
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Title
Agent, Quinex Energy Corporation

Approved by (Signature) <i>Bradley G. Hill</i>	Name (Printed/Typed) BRADLEY G. HILL	Date 04-22-10
Title Office	ENVIRONMENTAL MANAGER	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Federal Approval of this
Action is Necessary

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APR 14 2010

DIV. OF OIL, GAS & MINING

Surf

DFLL

591143x

591418x

4473854

44731174

40.407994

40.405545

- 109.925869

- 109.922670

T1S, R1E, U.S.B.&M.

QUINEX ENERGY CORP.

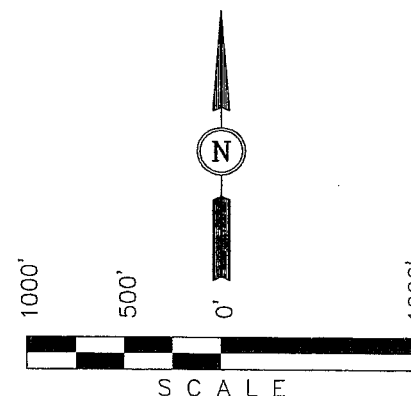
Well location, ASHLEY #7-2A1E, located as shown in the NE 1/4 SW 1/4 of Section 7, T1S, R1E, U.S.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT THE NORTHWEST CORNER OF SECTION 18, T1S, R1E, U.S.B.&M. TAKEN FROM THE WHITEROCKS, QUADRANGLE, UTAH, 7.5 MINUTE QUAD (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5519 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

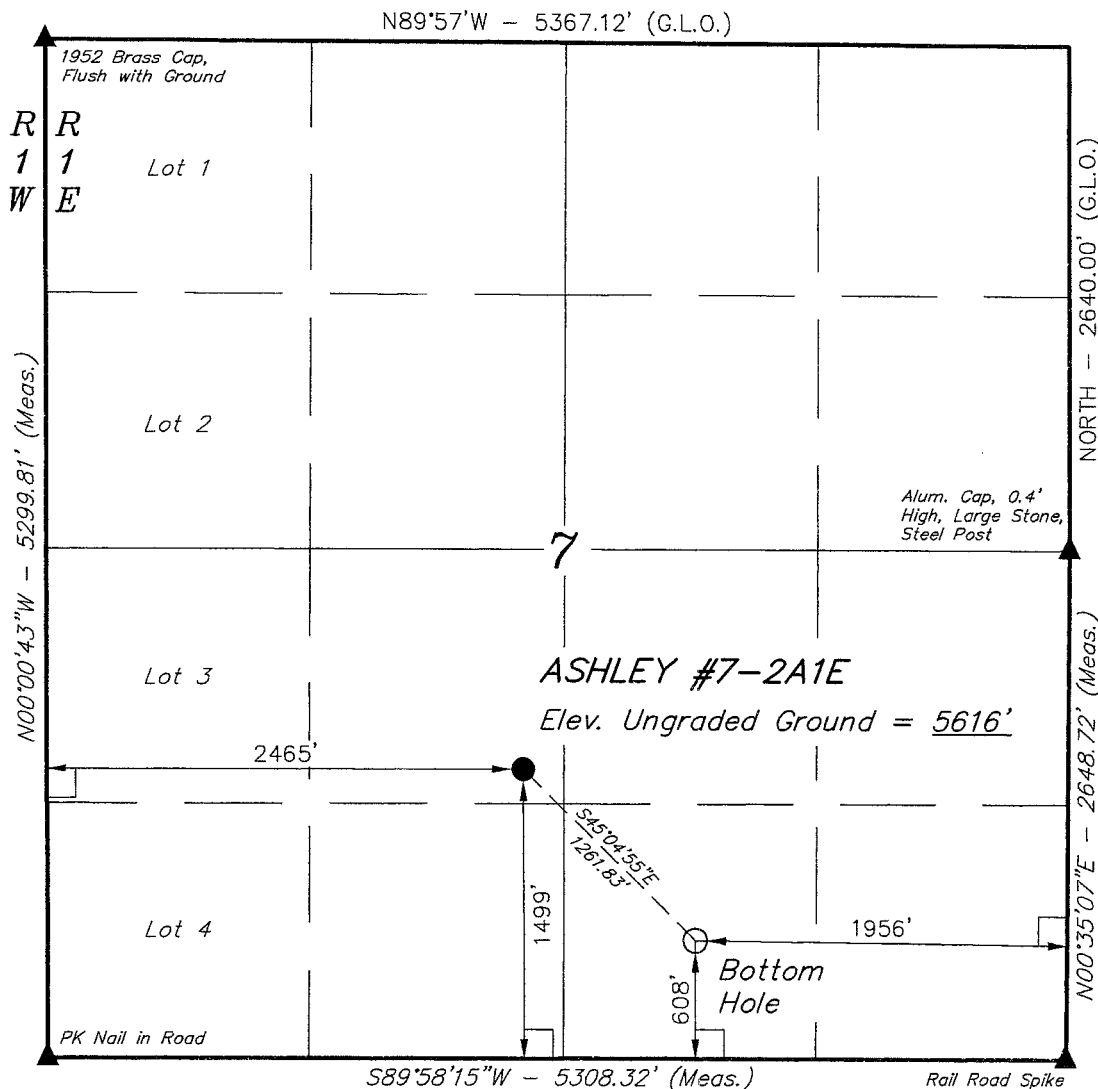
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

[Signature]
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

REVISED: 01-20-10 S.L.

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 07-21-09	DATE DRAWN: 07-22-09
PARTY S.H. J.R. C.C.	REFERENCES G.L.O. PLAT	
WEATHER HOT	FILE QUINEX ENERGY CORP.	



LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

NAD 83 (TARGET BOTTOM HOLE)	NAD 83 (SURFACE LOCATION)
LATITUDE = 40°24'19.88" (40.405522)	LATITUDE = 40°24'28.68" (40.407967)
LONGITUDE = 109°55'23.90" (109.923306)	LONGITUDE = 109°55'35.45" (109.926514)
NAD 27 (TARGET BOTTOM HOLE)	NAD 27 (SURFACE LOCATION)
LATITUDE = 40°24'20.03" (40.405564)	LATITUDE = 40°24'28.83" (40.408008)
LONGITUDE = 109°55'21.36" (109.922600)	LONGITUDE = 109°55'32.91" (109.925808)

April 22, 2010

Mrs. Diana Mason
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Request for Exception to Spacing – Quinex Energy Corporation
Ashley #7-2A1E

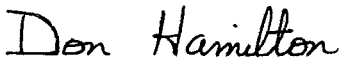
Surface Location: 1,499' FSL & 2,465' FWL, NE/4 SW/4,
Target Location: 608' FSL & 1,956' FEL, SW/4 SE/4,
Section 7, T1S, R1E, USB&M, Uintah County, Utah

Dear Diana:

Quinex Energy Corporation respectfully submits this request for exception to spacing (R649-3-11) based on topography since the well is located less than 460' to the drilling unit boundary. Golden Quinex Energy Corporation is the only owner and operator within 460' of the surface and target location as well as all points along the intended well bore path and are not within 460 feet of any uncommitted tracts or the unit boundary.

Thank you very much for your timely consideration of this application. Please feel free to contact me at 435-719-2018 if you have any questions or need additional information.

Sincerely,



Don Hamilton
Agent for Quinex Energy Corporation

April 12, 2010

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APR 14 2010

DIV. OF OIL, GAS & MINING

Fluid Minerals Group
Bureau of Land Management
Vernal Field Office
170 South 500 East
Vernal, Utah 84078

RE: Application for Permit to Drill – Quinex Energy Corporation

Ashley #7-2A1E

Surface Location: 1,499' FSL & 2,465' FWL, NE/4 SW/4,
Target Location: 608' FSL & 1,956' FEL, SW/4 SE/4,
Section 7, T1S, R1E, USB&M, Uintah County, Utah

Dear Fluid Minerals Group:

On behalf of Quinex Energy Corporation (Quinex), Buys & Associates, Inc. respectfully submits the enclosed original and three copies of the Application for Permit to Drill (APD) for the above referenced Ute Indian Tribe surface and mineral **directional** well. An exception to Cause No. 139-42 is requested with this application since the surface and target locations as well as all points along the intended well bore path are within 1320' from an existing well in the unit but not closer than 660' from the exterior boundary of the unit. A check for \$6,500.00 immediately follows this letter for the processing fee under the Fiscal Year 2008 Consolidated Appropriations Act. Surface Use with the Ute Indian Tribe has been submitted for but remains outstanding at this time. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats, layouts and photos of the proposed well site;

Exhibit "B" - Proposed location maps with access corridor;

Exhibit "C" - Drilling Plan with Directional Survey;

Exhibit "D" - Typical BOP and Choke Manifold diagram;

Exhibit "E" – Surface Use Plan with APD Certification;

Exhibit "F" – Bond information

Please accept this letter as Quinex's, written request for confidential treatment of all information contained in and pertaining to this application.

FILE COPY
CONFIDENTIAL

Thank you very much for your timely consideration of this application. Please feel free to contact K. Michael Hebertson at 801-292-3800 or myself should you have any questions or need additional information.

Sincerely,

Don Hamilton

Don Hamilton
Agent for Quinex

cc: Bucky Secakuku, BIA – Uintah and Ouray Agency
Diana Mason, Utah DOGM
K. Micheal Hebertson, Quinex

EIGHT POINT DRILLING PLAN

Name of Operator: Quinex Energy Corporation
Address: 465 South 200 West
Bountiful, Utah 84010
Well Location: Ashley #7-2-A1E
Surface Location: 2,465 FWL, 1,499 FSL, NESW
Bottom hole Location: 1,956 FEL, 608 FSL, SWSE
Section 7, T1S, R1E, USB&M
Uintah County, Utah

1 & 2 ESTIMATED TOPS ANTICIPATED OIL, GAS AND WATER ZONES

<u>FORMATION</u>	<u>DEPTH</u>	<u>ZONE TYPE</u>	<u>MAX. PRESSURE</u>
Uinta Fm.	3,370'	Water & Gas	1,459.5 psi
Green River Formation	6,532'	Oil, Gas & Water	2,829.0 psi
Black shale	9,740'	Oil, Gas & Water	3,958.5 psi
Wasatch Transition	10,222'	Oil, Gas & Water	4,427.1 psi
Wasatch Formation	10,540'	Oil, Gas & Water	4,564.8 psi
B zone	12,980'	Oil, Gas & Water	5,621.6 psi
C zone	13,050'	Oil, Gas & Water	5,651.9 psi
Three finger marker	13,318'	Oil, Gas & Water	5,768.0 psi
TD	14,120'		6,115.3 psi

Max Pressure is figured as Hydrostatic .4331 pounds per square foot X Depth.

3. PRESSURE CONTROL EQUIPMENT

A 5.0" by 20.0" rotating head of structural pipe from surface to 600'. A 13 3/8" Rotating Head from 600' to 4,900' on Conductor. A 5M BOP Stack, 5M Fill and Kill lines and Choke Manifold from 4,900' to 10,500'. An 11.0" 10M BOP w/rotating head, 5M annular, blind rams and mud cross from 10,500' to TD.

The BOPE and related equipment will meet the requirements of the 5M and 10M system.

The surface casing will be equipped with a flanged casing head of 5M psi working pressure. An 11.0" 5M BOP and 5M Annular preventer will be nipped up on the surface casing and tested to 250 psi low pressure test and 5M psi high pressure test prior to drilling out. The surface casing will be tested to 1,500 psi, the intermediate casing to the greater of 1,500 psi or .22 psi/ft. The choke manifold equipment, upper Kelly cock and floor safety valves will be tested to 5M psi. The annular preventer will be tested to 250 psi low test and 2,500 psi high test or 50% of the rated working pressure. A 10M BOP with 5M annular preventer with 3 1/2" rams, blind rams, mud cross and rotating head will be installed the intermediate casing is set and tested to TD. Tests will be API standard/

The BOPE will be tested after running intermediate casing, after any repairs to the equipment and at least every 30 days while drilling. The pipe and blind rams will be activated each time a trip is made, and the annular preventer will be activated weekly. Weekly BOP tests will be held with each crew.

Other equipment will include:

- a. Mud logger with gas monitor. On at 6,500'
- b. Choke Manifold with one manual and one hydraulic operated choke
- c. Full opening floor valve with drill pipe thread
- d. Upper and lower Kelly Cock
- e. Shaker, desander, desilter, and mud cleaner

See the attached diagrams:

4. CASING AND CEMENTING PROGRAM:

	<u>HOLE SIZE</u>	<u>INTERVAL</u>	<u>LENGTH</u>	<u>SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>THREAD</u>	<u>COLLAPSE</u>	<u>CEMENT</u>
Conduct	17 1/2"	0-600'	600'	13 3/8"	54.5#	J 55	LT&C	1,130#	450 sx class G to Surface
Surface	12 1/4"	0-2,500'	2,500'	10 3/4"	40.5#	J 55	LT&C	1,580#	300 sx lite & 150 sx Class G to Surface
Intermed	9 5/8"	0-11,500'	11,500'	7 5/8"	26.4# & 29.7#	N 80 S 95	LT&C	3,400# 5,120#	800 sx lite & 350 sx Class G to 100' inside of the surface casing, Staged.
Prod	6 1/2"	11,500-14,000	2,500'	5 1/2"	20.0#	P 110	LT&C	11,080#	250 sx 14.5 Class G

Conductor: 450 sacks Class G @ 15.6 lb/gal, yield 1.15 cuft/per sx with 2% CaCl

Surface Casing: Lead 300 sacks of Premium Lite @ 11 lb/gal, yield 3.2 cuft/sx, with 2% CaCl
Tail 150 sacks Class G 14.4 lb/gal, yield 1.25 cuft/sx, 50:50 poz 2% CaCl 2% gel.

Intermediate Casing: Lead 800 sacks of Premium Lite @ 11 lb/gal, yield 3.2 cuft/sx, with 2% CaCl
Tail 350 sacks Class G 14.4 lb/gal, yield 1.25 cuft/sx, 50:50 poz 2% CaCl 2% gel.

Production Liner: 250 sacks Class G 14.4 lb/gal, yield 1.25 cuft/sx, 2% CaCl.

5. MUD PROGRAM:

<u>INTERVAL</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>
Surface	Water & gel	8.5 to 8.9 PPG
Intermediate	Water & Gel	8.9 to 10.0 PPG
Production	Water, Gel & Weight as needed	11.0 to 13.5 PPG

Anticipated mud weights and lost circulation zones are based on offsetting wells and drilling data. Mud weights may be higher than projected, depending on actual zones encountered during drilling.

Visual mud monitoring equipment will be utilized.

Sufficient mud inventory will be maintained on location during drilling operations to handle any adverse conditions that may arise.

6. VARIANCE REQUESTS:

None

7. **EVALUATION PROGRAM**

Gamma Ray, Density, Neutron, Resistivity,	11,500' to Surface Casing
Gamma Ray to surface	
Gamma Ray, Density, Neutron, Resistivity,	TD to Intermediate Casing
Gamma Ray, Cement Bond,	TD to 100' inside of Surface Casing
Cores	None
DST's	None

8. **ABNORMAL CONDITIONS**

The anticipated bottomhole pressure is expected to be less than 6,200 psi however the maximum bottomhole pressure at 14,000' calculated at .6760 psi/foot would equal 9,464 psi.

9. **OTHER**

No chemicals subject to reporting under SARA III in an amount to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold quantities, will be used, produced, stored, transported or disposed of in association with the drilling of this well.

Quinex Energy Corporation

Ashley #7-2A1E

Uintah County, Utah

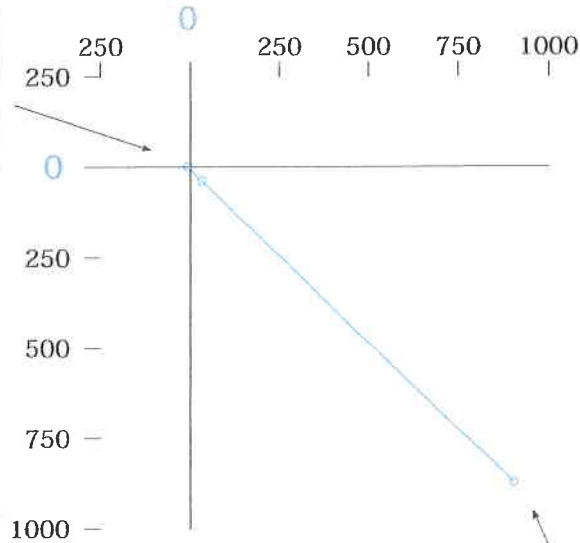
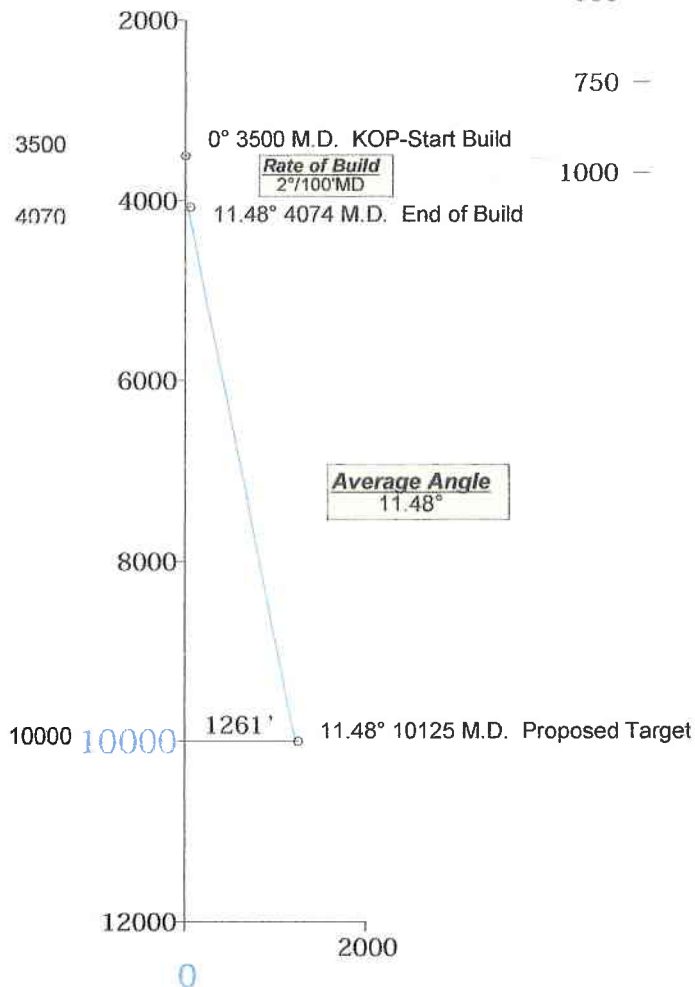
Horizontal Plan
1" = 500'



Surface Location
Lat=40 24 28.68
Long=-109 55 35.45
NAD 83
Y=7321187.933'
X=2078569.559'
NAD 83

Plane of Proposal
133.9° Azimuth

Vertical Section
1" = 2000'



Proposed Target / TD
1261.49' Displacement from S/L
@ 133.9° Azimuth from S/L
South-874.65' East-909.03' of S/L
TVD-10000' MD-10125'
Y=7320313.3', X=2079478.6'



02/03/10

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Bighorn Directional, Inc.

Quinex Energy Corporation
Ashley #7-2A1E
Uintah County, Utah



Page: 1

Minimum of Curvature
Slot Location: 7321187.93', 2078569.56'
Plane of Vertical Section: 133.90°

Measured Depth Feet	BORE Inc Degrees	HOLE Direction Degrees	True Vertical Depth Feet	RECTANGULAR COORDINATES		LAMBERT COORDINATES		Vertical Section Feet	CLOSURES		Dogleg Severity Deg/100'
				North(-South) Feet	East(-West) Feet	Y Feet	X Feet		Distance Feet	Direction Deg	
3500.00	0.00	0.00	3500.00	0.00	0.00	7321187.9	2078569.6	0.00	0.00	0.00	0.00
KOP-Start Build											
3600.00	2.00	133.90	3599.98	-1.21	1.26	7321186.7	2078570.8	1.75	1.75	133.90	2.00
3700.00	4.00	133.90	3699.84	-4.84	5.03	7321183.1	2078574.6	6.98	6.98	133.90	2.00
3800.00	6.00	133.90	3799.45	-10.88	11.31	7321177.1	2078580.9	15.69	15.69	133.90	2.00
3900.00	8.00	133.90	3898.70	-19.33	20.09	7321168.6	2078589.6	27.88	27.88	133.90	2.00
4000.00	10.00	133.90	3997.47	-30.18	31.36	7321157.8	2078600.9	43.52	43.52	133.90	2.00
4073.93	11.48	133.90	4070.10	-39.73	41.29	7321148.2	2078610.8	57.30	57.30	133.90	2.00
End of Build											
4573.93	11.48	133.90	4560.10	-108.72	112.99	7321079.2	2078682.6	156.80	156.80	133.90	0.00
5073.93	11.48	133.90	5050.10	-177.71	184.69	7321010.2	2078754.3	256.31	256.31	133.90	0.00
5573.93	11.48	133.90	5540.10	-246.70	256.40	7320941.2	2078826.0	355.81	355.81	133.90	0.00
6073.93	11.48	133.90	6030.09	-315.69	328.10	7320872.2	2078897.7	455.32	455.32	133.90	0.00
6573.93	11.48	133.90	6520.09	-384.69	399.80	7320803.2	2078969.4	554.82	554.82	133.90	0.00
7073.93	11.48	133.90	7010.09	-453.68	471.51	7320734.3	2079041.1	654.32	654.32	133.90	0.00
7573.93	11.48	133.90	7500.09	-522.67	543.21	7320665.3	2079112.8	753.83	753.83	133.90	0.00
8073.93	11.48	133.90	7990.09	-591.66	614.91	7320596.3	2079184.5	853.33	853.33	133.90	0.00
8573.93	11.48	133.90	8480.09	-660.65	686.61	7320527.3	2079256.2	952.84	952.84	133.90	0.00
9073.93	11.48	133.90	8970.09	-729.64	758.32	7320458.3	2079327.9	1052.34	1052.34	133.90	0.00
9573.93	11.48	133.90	9460.09	-798.63	830.02	7320389.3	2079399.6	1151.85	1151.85	133.90	0.00
10073.93	11.48	133.90	9950.08	-867.63	901.72	7320320.3	2079471.3	1251.35	1251.35	133.90	0.00
10124.85	11.48	133.90	9999.99	-874.65	909.03	7320313.3	2079478.6	1261.49	1261.49	133.90	0.00

Proposed Target

Final Station Closure Distance: 1261.49' Direction: 133.90°

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SURFACE USE PLAN

Name of Operator: Quinex Energy Corporation
Address: 465 South 200 West
Bountiful, Utah 84010
Well Location: Ashley #7-2-A1E
Surface Location: 2,465 FWL, 1,499 FSL, NESW
Bottom hole Location: 1,956 FEL, 608 FSL, SWSE
Section 7, T1S, R1E, USB&M
Uintah County, Utah

General: Requirements for working on Tribal and Allotted lands.

- A. Cultural resources are not expected to be disrupted as the new well is being drilled on an existing wellsite. All land has previously disturbed and reclaimed when the original well was drilled.
- B. The area is pasture and agricultural land with minor sagebrush, willow, elm, cottonwood and other high desert vegetation.
- C. The dirt contractor will be provided with an approved copy of this document prior to initiating construction.

1. Location of Existing Roads: - See Location Map.

All of the roads accessing this location are existing and no new construction is anticipated

- A. Wellsite access road is 1,400 feet long off of a county road built in the early 1900's.
- B. Travel east out of Roosevelt on Highway 40 5.2 miles. Turn left onto the Whiterocks road and go north 8 miles to the Lapoint road. Turn left at the junction of the Whiterocks road and the Lapoint road and go ½ mile west to the access road. Turn right and travel 1,400' to access the wellsite.
- C. Roads: The route utilizes US 40 to Whiterocks Road, a paved road, north to Lapoint Road, a paved road, and west ½ mile to the access road, an unpaved oilfield road.
- D. Other existing roads are marked on Topo Map.
- E. Existing roads will be maintained by the state or county. The road to the Ashley #7-2-A1E wellsite will be upgraded with new road base gravel and will meet Ute Indian Tribe specifications, and be maintained as required, for all weather use, by the operator. (See Engineer Survey Plat).
- F. All existing roads will be maintained and kept in good repair during all phases of operation.
- G. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.

2. Planned Access Roads:

All of the roads accessing this location are existing and no new road construction is anticipated

- A. The existing oilfield road was constructed by Badger Oil in 1983.

B. The subject road will be improved to BLM specifications. Surface Operating Standards for Oil and Gas Development” as follows:

1. Width: 24’ at crown and total disturbed width 40’.
2. Maximum grades: 1.5% maximum.
3. Turnouts: none.
4. Drainage: Ditch and crown as needed to maintain road.
5. Culverts: None
6. Surface Material: The roads will be covered with 6 inches of Road-base and 2 inches of 1 ½ gravel topping as required for traction and erosion control.
7. Gates/ Cattle Guards: 2 existing gates / 1 existing cattleguard where the access road leaves the county highway and 1 at the entrance to location

3. Location of Existing Wells: See the attached map showing wells.

- A. Wells within one mile radius: 3 POW, 1 SOW, 1 APD’S, 3 LA’s See Map
- B. Water wells: See the attached Water Rights from Utah State Database
- C. Abandoned Oil Wells: None
- D. Temporarily Abandoned wells: None
- E. Disposal Wells: None
- F. Drilling Wells: None
- G. Producing Wells: 3
- H. Shut in wells: 1
- I. Monitoring Wells: None

4. Location of Existing, and/or Proposed Production Facilities: - See wellsite Plat.

All of the facilities at this location are in place and will be upgraded as needed

- A. Tank Batteries: Owned by Quinex
- B. Production Facilities: Owned by Quinex.
- C. Oil Gathering Lines: None.
- D. Gas Gathering Lines: El Paso
- E. Injection Lines: None
- F. Disposal Lines: None

New Facilities Contemplated:

No upgrades will be made to the existing tank battery and boiler.

5. Location and Type of Water Supply:

- A. Approximately 1 acre-foot of water will be required to drill and complete the well. Water is to hauled from Babcock Draw by Tu and Frum Trucking, Inc. – Dave Murray. Proper water rights: See attached Temporary Application – Water Right # 43-1721, will be obtained from a State Engineer prior to spudding.
- B. Transportation: Water will be trucked by Tu and Frum Inc. Oil will be trucked to refineries by MC Oil, West Bountiful Utah.

- C. No water well will be drilled for this well.
- D. Drilling water for this well will be hauled on the approved access road(s).
- E. Should additional water sources be pursued they will be properly permitted through the State of Utah – Division of Water Rights.

6. Source of Construction Materials:

- A. Source: Materials from cuts will be stockpiled at the site. No additional requirements are anticipated.
- B. Ownership: The access road and location are on Tribal or Allotted land.
- C. Outside Materials: Road base and pad material will be obtained from commercial stae approved gravel pits in the Roosevelt, Utah area.
- D. No construction materials will be removed from BLM/ Ute Tribe lands.
- E. Access: Only the road to the location from the existing graded road will be required, (See plat above).

7. Methods of Handling Waste Disposal:

Disposal will be handled as follows:

- A. Cuttings: Drill cuttings are to be buried in the reserve pit, and the liner will be folded in and buried 3 feet deep.
- B. Drilling Fluids: Drilling fluids are to be evaporated or removed to a commercial disposal pit.
- C. Produced fluids: Produced oil will be sold to an authorized oil buyer.
- D. Gas produced during completion and testing will be vented.
- E. Produced water will be hauled to an authorized disposal site.
- F. Sewage: Chemical toilets will be maintained onsite until the well is completed.
- G. Trash and garbage: Trash will be accumulated in a wire mesh receptacle and hauled to a sanitary road fill as needed.
- H. Chemical: All chemicals brought onto the wellsite will RCRA exempt and will have Material Safety Data Sheets or proper handling instructions.
- I. Post Drilling Cleanup: After drilling operations cease, the access road and location will be cleaned and graded. The reserve pit will be covered and reseeded to BLM specifications within 1 year of completion.

8. Ancillary Facilities:

No ancillary facilities are planned or required.

9. Wellsite Layout:

- A. Wellsite Plat See figure #1
- B. Cross Sections See figure #2
- C. Equipment Layout: See figure #3
- D. Rig Orientation: See figure #3
- E. Pits: See figure #3

- F. Cut and Fill: See figure #2
- G. Spoil and Topsoil: See figure #1
- H. Production Equipment: Existing
- I. The well will be properly identified in accordance with 43 CFR 3162.6.
- J. Access to the well pad will be from the south.
- K. The pad and road designs are consistent with BLM specifications.
- L. The pad has been staked at its maximum size; however it will be constructed smaller if possible, depending upon rig availability. Should the layout change, this application will be amended and approved utilizing a sundry notice.
- M. All surface disturbing activities, will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- N. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- O. Diversion ditches around the well site will only be constructed if necessary to prevent surface waters from entering the well site area.
- P. The site surface will be graded to drain away from the pit to avoid pit spillage during large storm events.
- Q. Pits will remain fenced until site cleanup.
- R. The blooie line will be located at least 100 feet from the well head.
- S. Water injection may be implemented if necessary to minimize the amount of fugitive dust.

10. Plans for Restoration of the Surface (Interim Reclamation and Final Reclamation):

- A. Site reclamation for a producing well will be accomplished for portions of the site not required for the continued operation of the well.
- B. Upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1. Once the reserve pit is dry, the plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours.
- C. Following BLM published Best Management Practices the interim reclamation will be completed within 90 days of completion of the well to reestablish vegetation, reduce dust and erosion and compliment the visual resources of the area.
 - a. All equipment and debris will be removed from the area proposed for interim reclamation and the pit area will be backfilled and re-contoured.
 - b. The area outside of the rig anchors and other disturbed areas not needed for the operation of the well will be re-contoured to blend with the surrounding area and reseeded at 12 lbs /acre with a native seed mix proposed by the Ute Indian Tribe.
 - c. Reclaimed areas receiving incidental disturbance during the life of the producing well will be re-contoured and reseeded as soon as practical.
- D. The Operator will control noxious weeds along access road use authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the Ute Indian Tribe or the appropriate County Extension Office.
- E. Prior to final abandonment of the site, all disturbed areas, including the access road, will be

scarified and left with a rough surface. The site will then be seeded and/or planted as prescribed by the Ute Indian Tribe. The Ute Indian Tribe recommended seed mix will be detailed within their approval documents.

- F. A detailed reclamation plan has previously been submitted to the BLM for Quinex Energy Corporation.

11. Surface Ownership:

Ownership and Right-of-ways is: Ute Indian Tribe

Both the surface and minerals are owned by the Ute Indian Tribe. Rights-of-way for road, location, gas gathering lines, and power lines are surveyed in and applied for as part of this filing.

12. General Information:

General Description of Area:

- A. Topography: Low angle slopes, semi-arid with sagebrush and desert vegetation. No irrigation.
- B. Surface Use Activity: The area is used for cattle grazing.
- C. Water, Dwellings, Archeology: Water will be trucked to location on existing roads. There are no dwellings within ½ mile.
- D. An updated cultural clearance is not being completed since construction activities are entirely located within the existing disturbed area.

Production Operations:

Notification: A first production report will be sent to the BLM within 5 days of first production to establish site security and APD compliance.

- A. Site Security: Site security plan will be submitted within thirty (30) days of completion.
- B. Water Production: It is anticipated that the water produced will be hauled to a pit located in Lapoint, Utah, Section 8, T 1 S, R 2 E
- C. Weed Control: The road and location will be professionally sprayed annually using EPA approved chemicals, to control noxious weeds.
- D. The tank battery is already built along the north side of the location. All permanent structures will be painted with an approved earth-tone color within six months of installation. OSHA required markings are expected.

13. Lessee's or Operator's Representative

Quinex Energy Corporation

K. Michael Hebertson

465 South 200 West

Bountiful, Utah 84010

Phone: (801) 292-3800 or 292-2554

Paul Wells

Roosevelt, Utah 84604

1-435-823-5326

Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exists; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application and that bond coverage is provided under Quinex Energy Corporation's bond 010-007-2962227 (attached). These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 12th day of April, 2010.

Don Hamilton

Don Hamilton – Agent for Quinex Energy Corporation

2580 Creekview Road

Moab, Utah 84532

435-719-2018

starpoint@etv.net

for:

Quinex Energy Corporation

465 South 200 West

Bountiful, Utah 84010

Phone: (801) 292-3800

Mobile: (801) 292-2554

mike@quinexenergy.com



Certificate of Deposit Receipt

ACCOUNT TITLE

QUINEX ENERGY CORPORATION / BIA

ACCOUNT NUMBER 010-007-2962227

DEPOSIT AMOUNT \$150,000.00

TERM 13 Months

ISSUE DATE 03/24/2010

ADDRESS 465 S 200 W STE 300
BOUNTIFUL, UT 84010-7147

MATURITY DATE 04/24/2011

TYPE OF MATURITY Automatically Renewable

TAX PAYER ID NUMBER XX-XXX1828

INTEREST RATE 0.75%

ACCOUNT PURPOSE Business

ANNUAL PERCENTAGE YIELD 0.75%

TYPE OF OWNERSHIP Business

INTEREST COMPOUNDING Daily

ISSUED BY JPMorgan Chase Bank, N.A. (602)
Bountiful
285
STACEY H BOWDIDGE
(801) 481-5510
03/24/2010

PAYMENT FREQUENCY Annually

INTEREST PAYMENT METHOD Capitalize

THIS ACCOUNT IS NONNEGOTIABLE AND NONTRANSFERABLE. This receipt is provided solely for your convenience as an initial record of the account terms reflected on the books and records of JPMorgan Chase Bank, N.A. (the Bank), as of the date hereof. It is not an instrument, note or security and is not required to be surrendered to the Bank as a condition for redemption or withdrawal. You acknowledge receipt of the Bank's *Account Rules and Regulations* or other applicable account agreement, which includes all provisions that apply to this deposit account and the Bank Privacy Policy, and agree to be bound by the terms and conditions contained therein as may be amended from time to time.

Penalty for Early Withdrawal

It is acknowledged that approval by the Secretary of the United States, Department of the Interior-Bureau of Indian Affairs is required prior to Cancellation for this bond by the Surety. No draw downs will be allowed against any bond submitted without Secretary Approval.

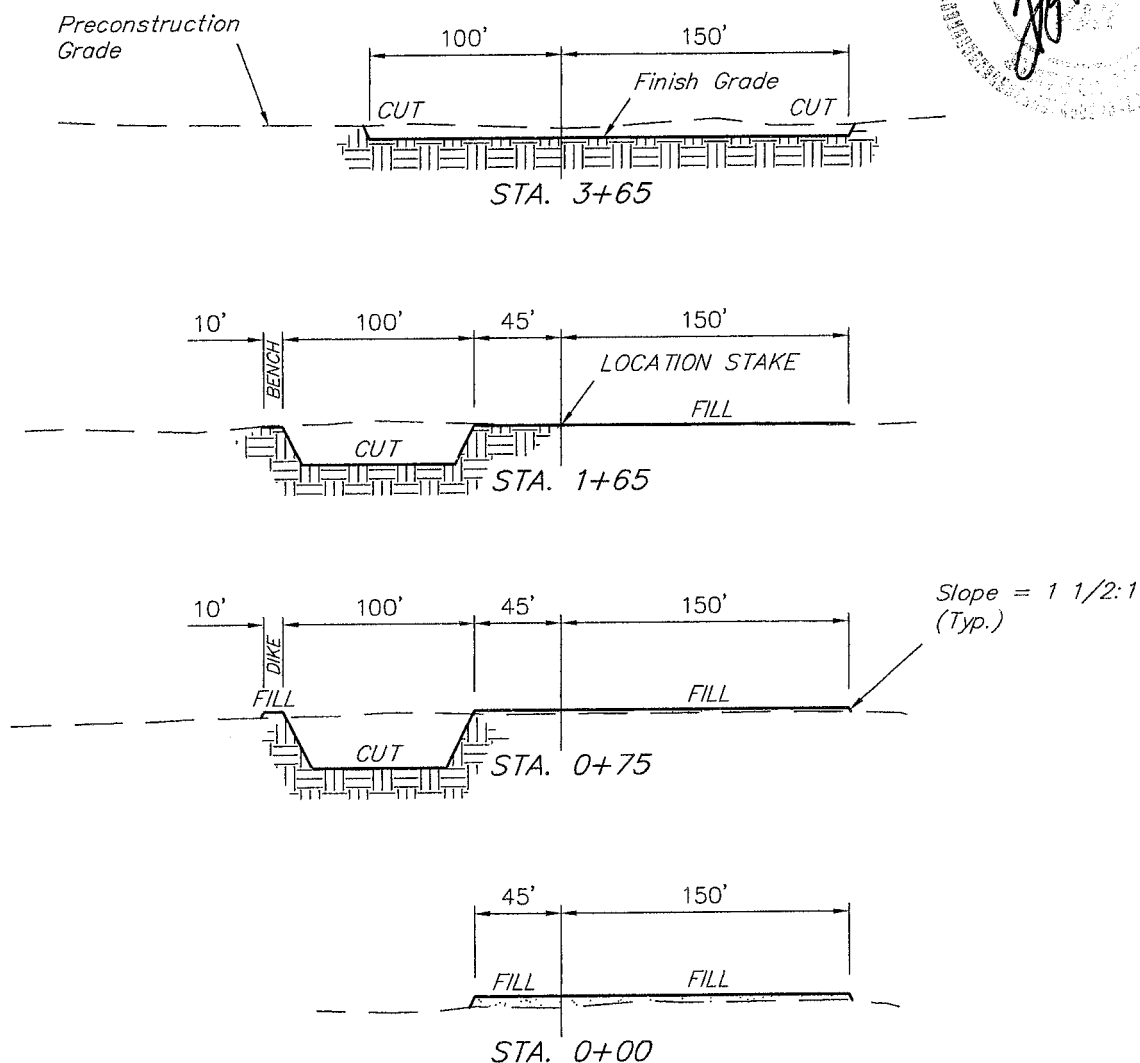
1" = 40'
X-Section
Scale
1" = 100'
DATE: 01-20-10
DRAWN BY: S.L.

QUINEX ENERGY CORP.

TYPICAL CROSS SECTION FOR

ASHLEY #7-2A1E
SECTION 7, T1S, R1E, U.S.B.&M.
1499' FSL 2465' FWL

FIGURE #2



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

APPROXIMATE ACREAGES

EXISTING WELL SITE DISTURBANCE = ± 2.923 ACRES
PROPOSED WELL SITE DISTURBANCE = ± 0.469 ACRES
TOTAL = ± 3.392 ACRES

* NOTE:
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

(6") Topsoil Stripping = 380 Cu. Yds.
Remaining Location = 5,760 Cu. Yds.
TOTAL CUT = 6,140 CU.YDS.
FILL = 1,060 CU.YDS.

EXCESS MATERIAL = 5,080 Cu. Yds.
Topsoil & Pit Backfill = 2,520 Cu. Yds.
(1/2 Pit Vol.)
EXCESS UNBALANCE = 2,560 Cu. Yds.
(After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

QUINEX ENERGY CORP.

TYPICAL RIG LAYOUT FOR

ASHLEY #7-2A1E
SECTION 7, T1S, R1E, U.S.B.&M.
1499' FSL 2465' FWL

FIGURE #3

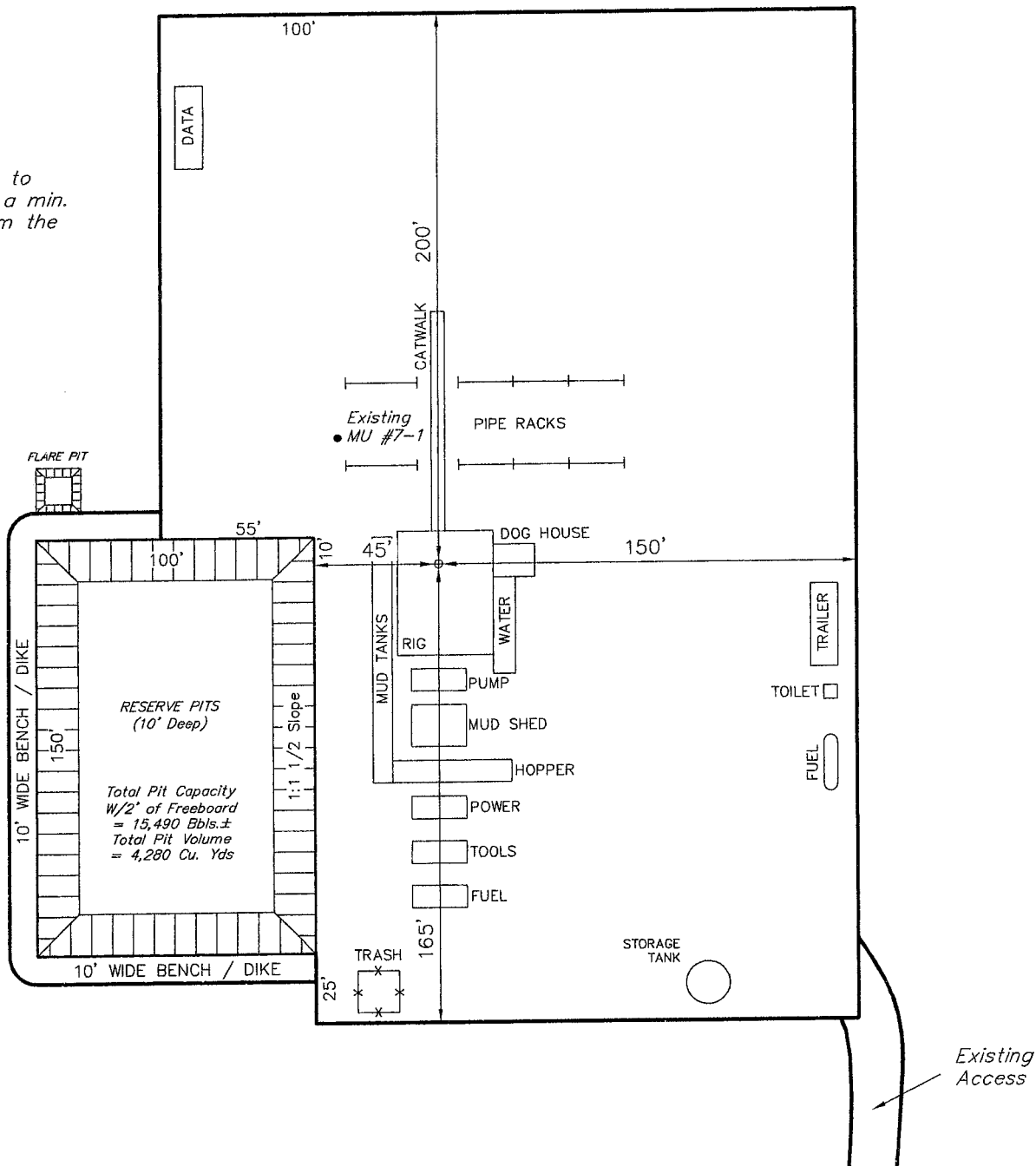


SCALE: 1" = 60'
DATE: 01-20-10
DRAWN BY: S.L.



NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



QUINEX ENERGY CORP.

ASHLEY #7-2A1E

LOCATED IN UINTAH COUNTY, UTAH
SECTION 7, T1S, R1E, U.S.B.&M.

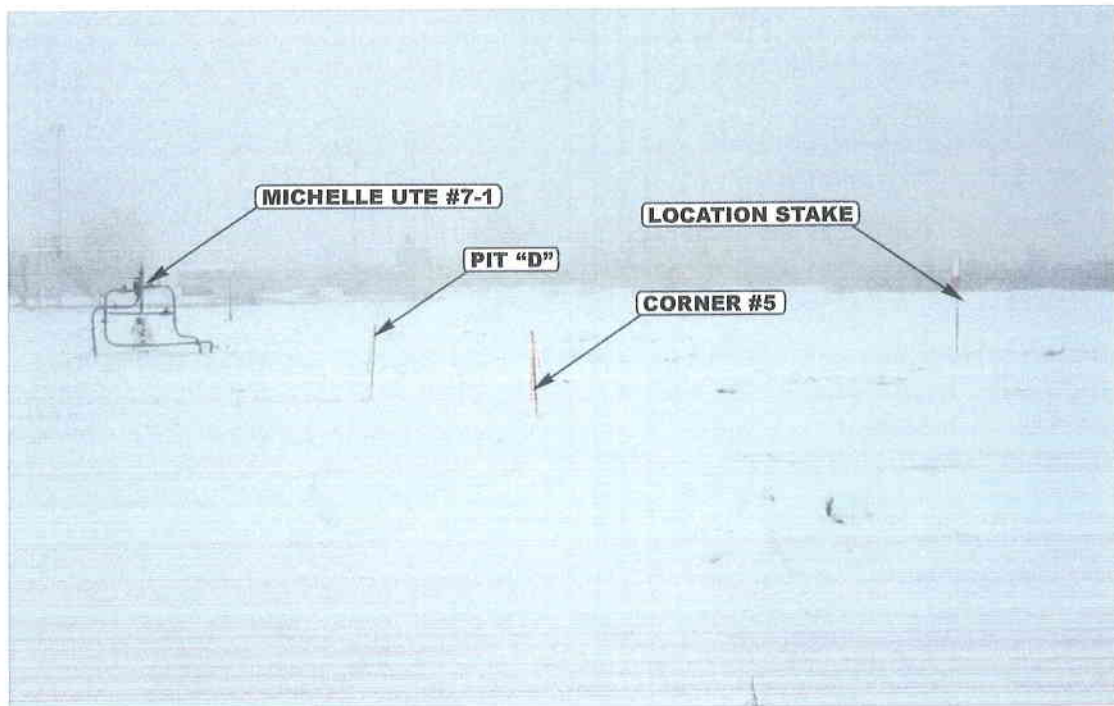


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY

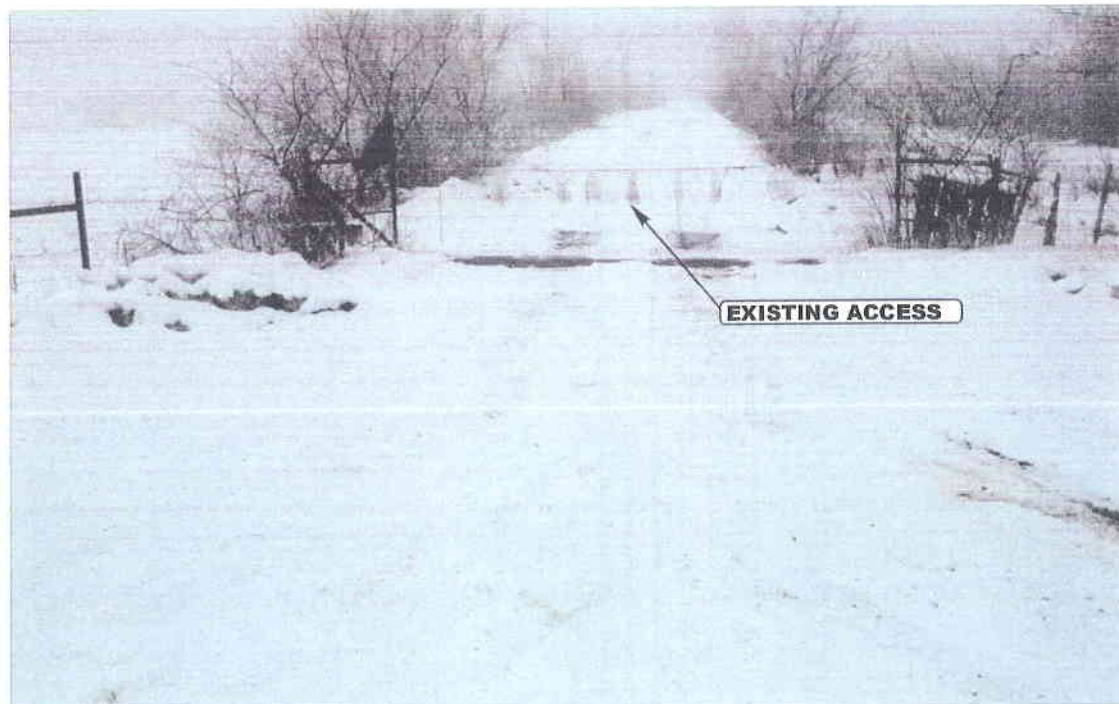


PHOTO: VIEW OF EXISTING ACCESS

CAMERA ANGLE: NORTHERLY



- Since 1964 -

UELS

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

LOCATION PHOTOS

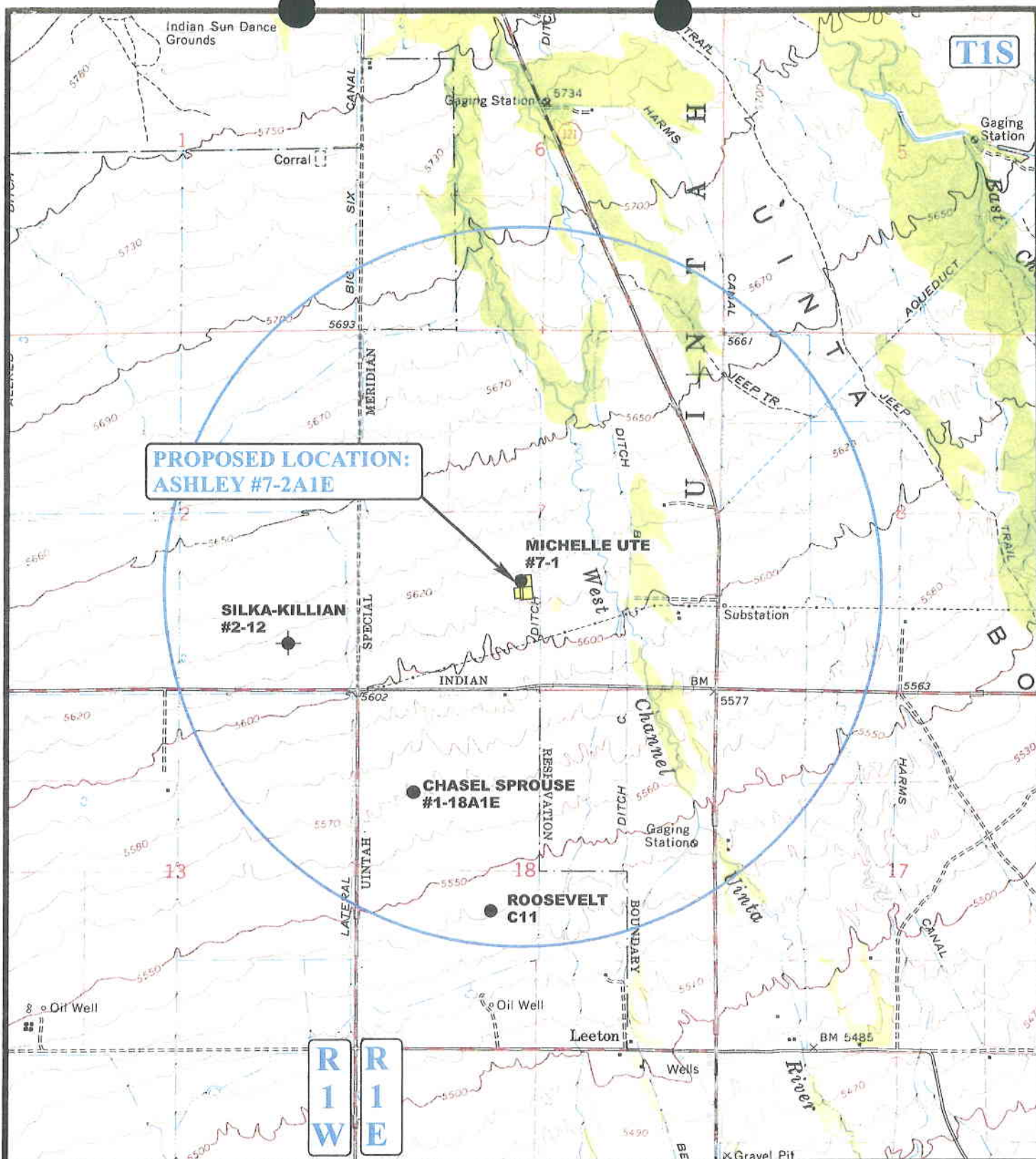
07 22 09
MONTH DAY YEAR

PHOTO

TAKEN BY: S.H.

DRAWN BY: Z.L.

REV: J.H. 01-22-10



LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



QUINEX ENERGY CORP.

ASHLEY #7-2A1E
SECTION 7, T1S, R1E, U.S.B.&M.
1499' FSL 2465' FWL



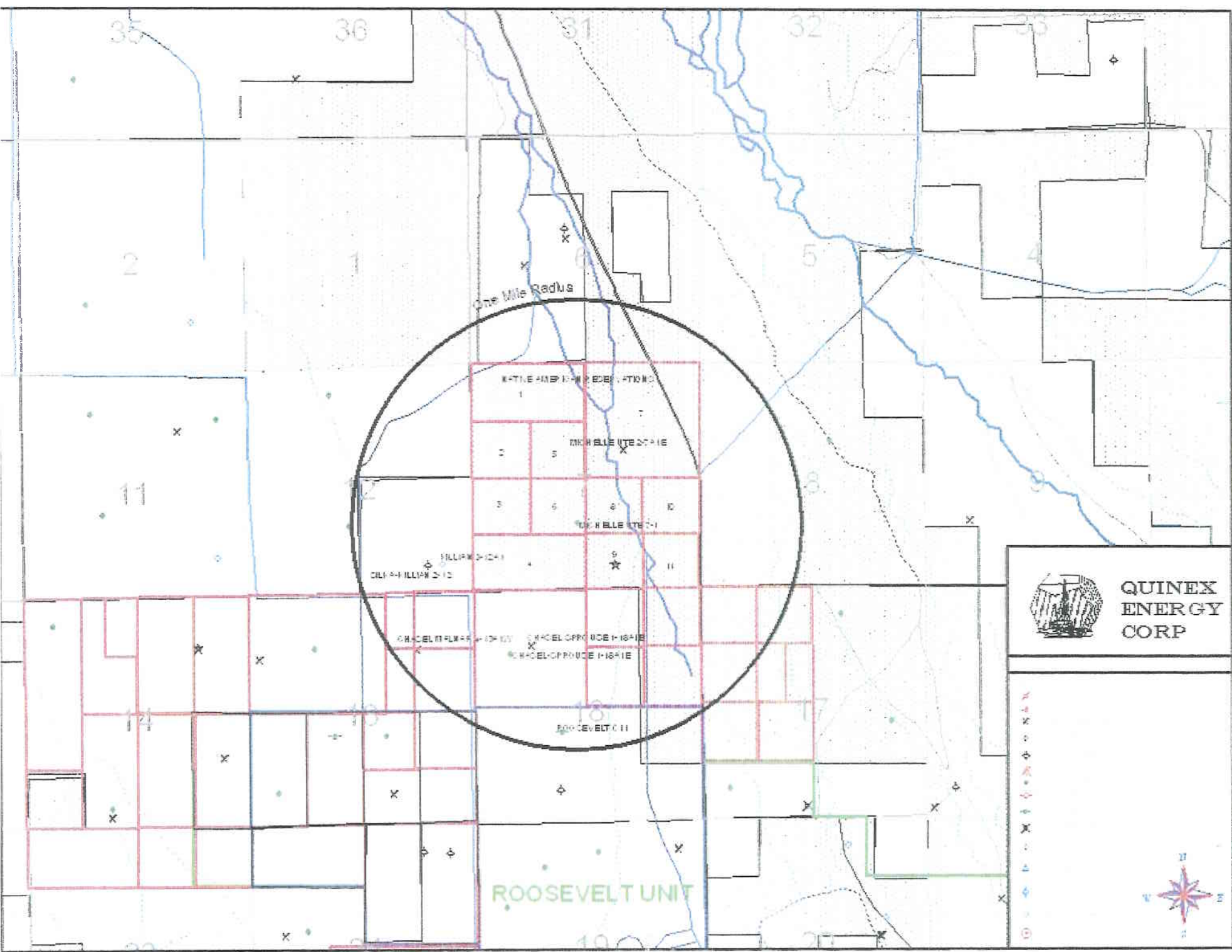
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

07 22 09
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: Z.L. REV: J.H. 01-22-10





QUINEX
ENERGY
CORP

- Legend symbols:
- Red line with 'x' (likely boundary or road)
- Blue line with 'x' (likely water body)
- Green line with 'x' (likely boundary or road)
- Black line with 'x' (likely boundary or road)
- Red line with 'x' (likely boundary or road)
- Blue line with 'x' (likely water body)
- Green line with 'x' (likely boundary or road)
- Black line with 'x' (likely boundary or road)
- Red line with 'x' (likely boundary or road)
- Blue line with 'x' (likely water body)
- Green line with 'x' (likely boundary or road)
- Black line with 'x' (likely boundary or road)



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/14/2010

API NO. ASSIGNED: 43-047-40629

WELL NAME: ASHLEY 7-2A1E

OPERATOR: QUINEX ENERGY CORP (N9995)

PHONE NUMBER: 801-292-3800

CONTACT: DON HAMILTON

PROPOSED LOCATION:

NESW 07 010S 010E

SURFACE: 1499 FSL 2465 FWL

SWSE BOTTOM: 0608 FSL 1956 FEL

COUNTY: UINTAH

LATITUDE: 40.40799 LONGITUDE: -109.92587

UTM SURF EASTINGS: 591143 NORTHINGS: 4473385

FIELD NAME: BLUEBELL (65)

INSPECT LOCATN BY: / /

Tech Review

Initials

Date

Engineering

Geology

Surface

LEASE TYPE: 2 - Indian

LEASE NUMBER: 14-20-H62-3920

SURFACE OWNER: 2 - Indian

PROPOSED FORMATION: THRFN

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[2] Sta[] Fee[]
(No. 010-007-2962227)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 43-1721)
☒ RDCC Review (Y/N)
(Date: _____)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

R649-2-3.

Unit: _____

R649-3-2. General

Siting: 460' From Qtr/Qtr & 920' Between Wells

R649-3-3. Exception

☒ Drilling Unit

Board Cause No: 139-84

Eff Date: 12-31-08

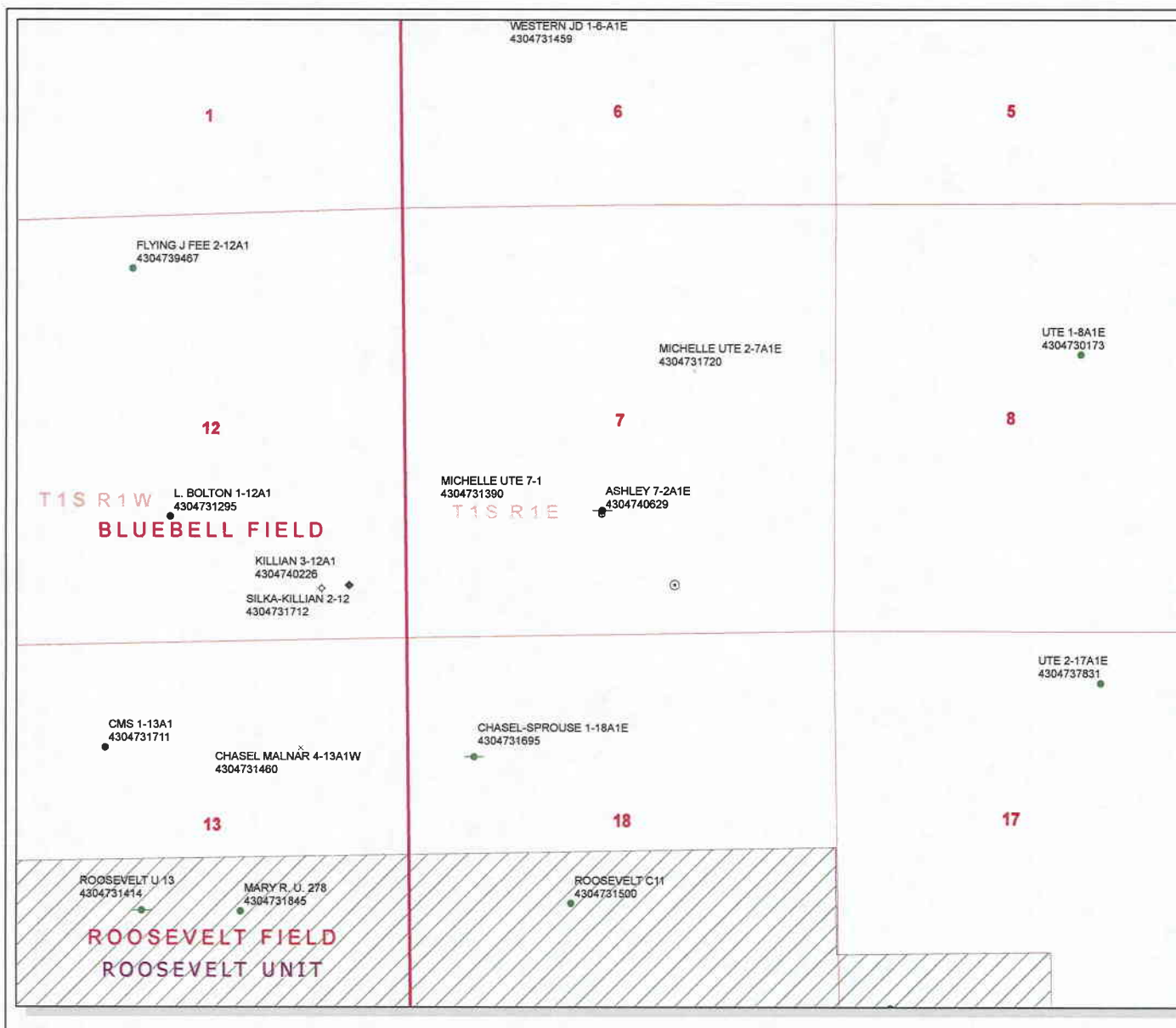
Siting: 660' fr drl u.b.d.r.g. 81320' fr other wells.

☒ R649-3-11. **Directional** Drill

COMMENTS: _____

STIPULATIONS: _____

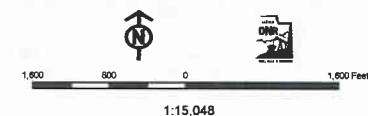
2- No Production from THE ASHLEY 7-2A1E WILL BE ALLOWED UNTIL
THE MICHELLE UTE 7-1 WELL IS PLUGGED AND ABANDONED.



API Number: 4304740629
 Well Name: ASHLEY 7-2A1E
 Township 01.0 S Range 01.0 E Section 07
 Meridian: UBM
 Operator: QUINEX ENERGY CORP

Map Prepared:
 Map Produced by Diana Mason

Units	Wells Query
STATUS	✗ - all other values
ACTIVE	● - Status
EXPLORATORY	◆ - APD - Approved Permit
GAS STORAGE	○ - DRL - Spud (Drilling Commenced)
NF PP OIL	⚡ - GW - Gas Injection
NF SECONDARY	⚡ - GS - Gas Storage
PI OIL	✗ - LA - Location Abandoned
PP GAS	⊙ - LOC - New Location
PP GEOTHERMAL	⚡ - OPS - Operation Suspended
PP OIL	⚡ - PA - Plugged Abandoned
SECONDARY	⚡ - POW - Producing Gas Well
TERMINATED	⚡ - POW - Producing Oil Well
Fields	● - RET - Returned APD
Sections	⚡ - ROW - Shallow Gas Well
Township	⚡ - ROW - Shallow Oil Well
	⚡ - TA - Temp. Abandoned
	○ - TW - Test Well
	⚡ - WDW - Water Disposal
	⚡ - WWI - Water Injection Well
	● - WSW - Water Supply Well





GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 22, 2010

Quinex Energy Corporation
465 South 200 West
Bountiful, UT 84010

Subject: Ashley 7-2A1E Well, Surface Location 1499' FSL, 2465' FWL, NE SW, Sec. 7,
T. 1 South, R. 1 East, Bottom Location 608' FSL, 1956' FEL, SW SE, Sec. 7,
T. 1 South, R. 1 East, Uintah County, Utah

Ladies and Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-40629.

Sincerely,

Gil Hunt
Associate Director

GLH/js
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal Office

Operator: Quinex Energy Corporation
Well Name & Number Ashley 7-2A1E
API Number: 43-047-40629
Lease: 14-20-H62-3920

Surface Location: NE SW **Sec.** 7 **T.** 1 South **R.** 1 East
Bottom Location: SW SE **Sec.** 7 **T.** 1 South **R.** 1 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well – contact Carol Daniels at 801-538-5284 (please let a voicemail message if not available)

OR

Submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <http://oilgas.ogm.utah.gov>

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 office
(801) 733-0983 after office hours

3. Reporting Requirements

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

6. No production from the Ashley 7-2A1E will be allowed until the Michelle Ute 7-1 well is plugged and abandoned.

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: 14-20-H62-3920
1. TYPE OF WELL Oil Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: UTE
2. NAME OF OPERATOR: QUINEX ENERGY CORP		7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: 465 South 200 West, Bountiful, UT, 84010		8. WELL NAME and NUMBER: ASHLEY 7-2A1E
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1499 FSL 2465 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESW Section: 07 Township: 01.0S Range: 01.0E Meridian: U		9. API NUMBER: 43047406290000
PHONE NUMBER: 801 292-3800 Ext		9. FIELD and POOL or WILDCAT: BLUEBELL
COUNTY: UINTAH		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 8/15/2011	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:			
<input type="checkbox"/> SPUD REPORT Date of Spud:			
<input type="checkbox"/> DRILLING REPORT Report Date:			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
 Quinex Energy Corporation hereby requests a one year extension of the above referenced permit. This is the first extension that has been requested. The original permit was approved on 4-22-2010.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 04/18/2011

By:

NAME (PLEASE PRINT) Don Hamilton	PHONE NUMBER 435 719-2018	TITLE Consultant
SIGNATURE N/A	DATE 4/17/2011	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047406290000

API: 43047406290000

Well Name: ASHLEY 7-2A1E

Location: 1499 FSL 2465 FWL QTR NESW SEC 07 TWP 010S RNG 010E MER U

Company Permit Issued to: QUINEX ENERGY CORP

Date Original Permit Issued: 4/22/2010

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☐ Yes ☒ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

Signature: Don Hamilton

Date: 4/17/2011

Title: Consultant

Representing: QUINEX ENERGY CORP

RECEIVED Apr. 17, 2011



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 27, 2012

Quinex Energy Corp.
465 South 200 West
Bountiful, UT 84010

Re: APD Rescinded – Ashley 7-2A1E, Sec. 7, T. 1S, R. 1E,
Uintah County, Utah API No. 43-047-40629


Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on April 22, 2010. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective July 27, 2012.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District
Vernal Field Office
170 South 500 East
Vernal, UT 84078

<http://www.blm.gov/ut/st/en/fo/vernal.html>



OCT 25 2013

RECEIVED

OCT 29 2013

IN REPLY REFER TO:
3160 (UTG011)

DIV.OF OIL, GAS & MINING

John Wells
Quinex Energy Company
465 S. 200 W. #300
Bountiful Ut, 84010

43 047 40629

Re: Request to Return APD
Well No. Ashley 7-2A1E
NESE Sec. 7 T1S-R1E
Uintah County, Utah
Lease No. 14-20-H62-3920

Dear John:

The Application for Permit to Drill (APD), for the above referenced well, received in this office on April 14, 2010, is being returned, unapproved, due to the cessation of production in paying quantities for Communitization Agreement UTU0801149-85C692, and its' corresponding leases. As a result this office considers the CA and corresponding leases to have terminated in accordance with their respected terms. If you have any questions regarding APD processing, please contact Michael Riches at (435) 781-4438.

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Resource Minerals

Enclosures

cc: UDOGM
BIA

bcc: Well File